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SYSTEM OF SHIPPING THEORY [1]

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I. THREE TYPES OF SHIPPING ECONOMY

The development of shipping from a private carrier to a common carrier is certainly of great significance to shipping itself. The perusal of the general literature of shipping history will show that much importance has been attached to "the development from a tramper navigation to a liner navigation", while little attention was paid to "the development from a private carrier to a common carrier". W. Eucken may well be said therefore a noteworthy scholar, who has developed his own arguments from the latter development. It is, however, through the development from a tramper to a liner navigation that Eucken developed his shipping conference theory. That is to say, when a part of marchant marines has become a common carrier independent of a merchant carrier, the form of a liner trade appeared as a common carrier. And the liner, in turn, in the regularity of its business, led to the formation of a cartel (shipping conference). In other words, some part of merchant marines, once becoming an independent transport business, have been restricted by a cartel. It was with a view to looking into such a related development that Eucken took up for consideration the

1) Cf. Sawa, S.: System of Shipping Theory, 海運理論体系, Tokyo and Kyoto, 1949. Book III.

development of shipping from a private to a common carrier. To this, of course, we have no objection. The point we differ from Eucken is that we treat such a formal development not as the matter concerning a private enterprise only, but further as that concerning shipping economy considered as a branch of the system of national economy.

As long as national economy comprises individual economies, the form assumed by a shipping enterprise (as an individual economy) ought to decide more or less the form of shipping economy as a branch of the system of national economy. Upon the form of either a tenant farmer or a landed farmer is dependent the character of agricultural economy as a branch of the system of national economy concerned. The same thing can be said about industrial economy. In accordance with the supremacy of the form of either domestic hand craft or modern mechanized industry, the function of industrial economy as a branch of national economy varies to a large degree. From this view-point, we have attempted to consider the relation between shipping enterprise (individual economy) and shipping economy (a branch of national economy). Particularly, in reference to historical development, the matter has been handled for the following reasons.

In the 19th century when shipping, breaking away from seaborne trade, became independent as a transport enterprise, shipping came to assume the form of a common carrier even along the line of national economy. Namely, there came into the limelight a shipping economy whose aim was no more than to obtain international freight revenues. It goes without saying that, while a common carrier as the form of individual enterprise was partially found in the beginning of the 19th century, shipping economy as a branch of national economy might have assumed partially the form of a common carrier in the same period. Be that as it may, however, it ought to have been of mere incidental significance. When the mercantile policy of modern nations aimed at the trade balance, the principal item of this balance was in fact the balance between imports and exports in visible trade, not including international freight revenues in the true sense of the words. Thus, without the independence of shipping (a common carrier) as an independent enterprise, shipping economy as a branch of national economy cannot bear the difinite form of a common carrier in international trades. The process, through which shipping economy as a branch of national economy developes from the function of aiding foreign trades to that of gaining international freight revenues, may well be grasped when viewed in connection with the development of shipping enterprise from a private carrier to a common carrier. Thus viewed, it follows that

"the development from a private carrier to a common carrier" has indeed a very great significance not only to shipping as an individual enterprise but also to that as a branch of the system of a national economy.

The development of shipping as an enterprise from a private carrier to a common carrier was almost completed during the time from the earlier to the middle part of the 19th century. Among other things, it was done on an international scale. And it is due to the most significant development of shipping in its function. As a matter of fact, shipping till then had been engaged almost without exeption in either domestic or foreign trades of a country, while now breaking away from all domestic trades and engaging in the trades between foreign countries, shipping, as a branch of national economy, has come as far as to aim at the mere acquistion of freight revenues (acquisition of foreign currencies). Of course, such a development as in function or in operation form is by no means similar in every country, varying largely with countries. The fact is that the significance attached to shipping is naturally different according to national economies. Being made on an international scale, however, the said development (from a private to a common carrier) turned out to exercise a great influence not only upon the national economy of a country, but also upon the national economies of foreign countries. It is in this meaning when I say as above that the formal development of shipping as an enterprise has brought about an essential development of shipping economy as a branch of the system of national economy.

Shipping is a kind of transportation. Generally speaking, technically transpotation is a means to overcome the spacial severance, but economically a phenomenon of keeping spacial contacts between different economic bodies, enhancing the economic effect of their activities upon one another.[1] Man, when wholly secluded, can not make an economic life. An economic life in a proper sense can be made by means of transpoting between different economic bodies. Transpotation, by overcoming the spacial severance between different economic bodies, will keep mutual contact between them and thus enhance their economic lives each other. Technically, transportation might also be found within the same economic body alone, but transportation in such a mere technical meaning is naturally subject to limitations. The transportation which leads to an economic development is a phenomenon found between the different economic bodies.

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1) Cf. Sawa, S.: General Theory of Transportation, 1948. Chapter II.

There are three types of shipping as a branch of national economy: 1) transport within the national economy of a country (shipping for coastal trades), 2) transport between the national economy of a country and the national economies of foreign countries (shipping for foreign trades), and 3) transport between the national economies of foreign countries (shipping for trades between foreign countries). The function of transportation (accordingly, of shipping) lies actually in connection with the different economic bodies. Now, function in general is displayed the better according as its form becomes purer. Any function subordinated to an other function can not but be technically as well as economically subject to a number of restrictions. It was truly for such a purification of function that shipping attained "the independence from seaborn trade", as we have already seen. The same can be said about "shipping as a national economy".

Shipping as a branch of national economy will (1) have for its main routes the coastal routes within the national economy of a country, and further (2) be engaged with transport between the national economy of the country concerned and them of foreign countries. This (2) is nothing other than the so-called trade transport for imports and exports and has foreign trades for its main routes. And furthermore (3) shiping will become the transport between the national economies of foreign countries. Its main routes are the trades between foreign countries. Of these, 1) and 2) are the shippings each bearing a direct relation to the operation of the national industry of a country, while 3) is only indirect in this respect. Viewed from the purification of function, of course, 3) is the most advisable. Both 1) and 2) are rather the transport for aiding the national industries of its country than the shipping for transport's sake, — a private carrier in the sense of national economy. On the other hand, 3) is just the transport for its own sake, goods which it transports having nothing in the least to do with operation of the national industry of the country concerned, — a common carrier in the sense of national economy. Just from this viewpoint it is that even to the shipping of national economy we apply the distinction between a private carrier and a common carrier, and the development of a private carrier to a common carrier in the form of shipping is indeed of so very great significance. Only from the angle of "the development from a private to a common carrier" in this double meaning, the world shipping between different national economies may be justly grasped.

In the realities, however, shipping as a branch of national economy need not always be purified in function. As is in an individual economy,

so in a national economy its modes or types are determined in accordance with respective historical realities. Thus naturally shipping as a branch of the system of national economy will be historically determined in its function, character, or type according to the degree of historical development of the national economy concerned itself.

From about the middle ages to the modern ages, shipping business conducted as part of a sea-borne trade had been developed on one hand into a private management in the style of merchant marine of Holland, and on the other hand into a corporate management in the style of merchant marine of the Hanseatic League.

Among all modern nations, however, it was perhaps England that particularly continued to pay much attention to sea-borne transport. British transport, modelled after that of Holland, its senior, was of a private management in principle, but with a view of following the steps of Holland and at the same time of breaking away from Holland, it asked for national control. It was England therefore that carried on a large-scale trade transport by chartered companies.

As a rule, a private carrier plays a great rôle in the economic activities of the modern ages. The fact is that an economic development would otherwise come to the limit of a large extent. As a matter of fact, however, through modern times private economic activities — particularly foreign trade activities — have been under the fairly strict control of a nation. The sea-borne trade transport centering around a nation was, as a rule, of a private economic activity, and though having come already to bear the form of a common carrier to a fairly large degree, it, in the line of national economy, assumed the form of a private carrier in the sense that merchant marine of the nation concerned carried the goods for import and export of the national economy concerned.

Now, it is not always the case that the sea-borne trade of a country is carried on by vessels of that country. Reversely speaking, vessels of a country cannot always be said to carry nothing but its domestic goods, imports and exports. Some of them, without touching any of home ports, carry the goods which have nothing to do directly with the agricaltural and industrial economies of the country. It is just the case with a shipping engaged in trades between foreign countries. In this case, a sea-borne transport, relieving itself of the national control concerned, assumes the form of a common carrier, in the sense of both private enterprise and national economy. It was in the 19th century that a part of shipping came to decidedly assume such a "common carrier" form as mentioned above.

So far, a historical review has been attempted of shipping as a branch of national economy. In order to make a further study of it from the same angle, shipping as a branch of the system of national economy (shipping economy) is to be divided into the following three types considered from main routes and main functions:

Types	Main Routes	Main Functions
I	Coastal routes	Engaging in the domestic trades
II	Routes between home and foreign countries	Engaging in the foreign trades
III	Routes between foreign countries	Engaging in the trades between foreign countries

The first type is the character of shipping found in the country of self-sufficient economy. In this case, though importance generally is attached to such means of transportation, as railways, roads, rivers, and canals, "shipping as a means for overseas trades" do not play a great rôle in national economy. That is to say, shipping here will generally act with internal intention, and take an inactive attitude towards foreign trades. Good instances may be found in the U. S., the Republic of China etc.

The second type is the character of shipping conducted by a national economy with so scanty domestic resourses that its main industries have no other alternative than to look forward to the importation from abroad of main raw materials it needs. Shipping of this type is engaged mainly in import and export trades. Shipping here has a very closely interdependent relation with manufacturing industries of the country concerned, the development of shipping following the development of manufacturing industries of its own country. The shipping of Japan may be given as a typical example of it.

The third type, like the second type, is a sort of shipping found in a national economy short of domestic resources. Like the second, accodingly, it is certainly shipping which is as highly positive in foreign relations and has foreign routes for its main routes, but as distinct from the second type, it is a type of shipping which in its main function has come to aim not necessarily at developing the industrial trades of its own country, but further at "shipping for shipping's sake", i. e. the acquisition of international freight revenues. This type is represented by the shipping of England, Norway, Greece, etc. (And that of German as well might be said to come in this category.)

Type I. United States of America In the U. S. A., the tonnage proportion of river-& lake-borne vessele to the whole merchant fleet is 52 % in 1914 and about 20 % in recent days. This of course testifies to the fact that in the U. S. a domestic trade carrier plays a larger rôle, while an overseas carrier a smaller rôle.

In fact, in the U. S., vessels engaged in coastal and river trades, predominate in per-centage over vessels engaged in foreign trades, as is shown in the Table I. Their proportion as of 1938 is 11,064 thousand gross tons to 3,551 thousand gross tons, i. e. 3 : 1. Moreover, for the water-borne imports and exports of the U. S. A, as the Table II shows, prior to the World War I, the trades carried by American vessels were less than 10 %, though recently (1936) it registers

Table I

Tonnages in possession of U. S. A. engaged in Trades [1]

Year	Vessels engaged in Foreign Trades	Vessels engaged in Coastal & River Trades
	thousand gross tons	thousand gross tons
1789	124	69
1800	667	272
1810	931	405
1820	584	583
1830	538	517
1840	763	1,177
1850	1,440	1,798
1860	2,379	2,645
1870	1,449	2,638
1880	1,314	2,638
1890	928	3,409
1900	817	4,287
1910	783	6,669
1915	1,863	6,486
1920	9,925	6,358
1925	8,151	9,216
1928	6,934	9,706
1929	6,906	9,526
1930	6,295	9,723
1931	5,576	10,286
1932	5,071	10,728
1933	4,701	10,313
1934	4,598	10,220
1935	4,560	10,049
1936	4,159	10,300
1937	3,834	10,800
1938	3,551	11,064

[1] U. S. Dept of Commerce: Statistical Abstract of the United States, 1939: U. S. Dept of Commerce, Bureau of Marine Inspection and Navigation: Merchant Marine Statistics.

Table II
Water-borne Imports & Exports of U. S. A. [1]

Year	Imports & Exports Total	Imports & Exports in Vessels of U. S. A	
	thousand doller	thousand doller	%
1821	127,560	113,119	(88.7)
1830	144,366	129,918	(89.9)
1840	239,327	198,425	(83.9)
1850	330,037	239,272	(72.5)
1860	762,289	507,248	(66.5)
1870	991,897	352,969	(35.6)
1880	1,482,612	258,347	(17.4)
1890	1,573,568	202,451	(12.9)
1900	2,089,529	195,084	(9.3)
1905	2,393,890	290,608	(12.1)
1910	2,932,800	260,837	(8.7)
1915	3,992,625	571,932	(14.3)
1920	11,874,998	5,071,623	(42.7)
1925	7,560,976	2,577,417	(34.1)
1930	7,157,827	2,421,684	(33.8)
1931	4,638,302	1,616,256	(34.8)
1932	3,183,276	1,104,143	(34.7)
1933	2,291,333	836,260	(36.5)
1934	3,267,212	1,151,183	(35.2)
1935	3,490,022	1,224,676	(36.0)
1936	4,033,872	1,441,835	(35.7)

as much as 35.7 %

At the end of the World War I., the U. S. was in possession of great more ships than England, and accordingly in the belief that now it was time for the U. S. to exercise the predominant power in the world shipping, President Laskar of the U. S. Shipping Board and the other some persons were combined to advocate a positive policy for shipping expansion. At the very time, a penetrating man named E. S. Gregg, in order to argue against the complete fallacy of these reasonings, pointed out the character of American shipping by writing an excellent treatise "Shipping Fallacies",[2] in which he asserted in conclusion that oversess shipping was not of so great significance to the national economy of the U. S. as had occasioned the indiscreet overestimation of it. Namely, he explained that the American shipping was of our so-called first type.

Republic of China The Republic of China, noted for the stagnation of self-sufficient economy, has always been inactive and passive in

1) U. S. Dept of Commerce: Statistical Abstract of the United States, 1939; U. S. Dept of Commerce, Bureau of Marine Inspection and Navigation: Merchant Marine Statistics.
2) Gregg, E..S: Shipping Fallacies, Journal of Political Economy, Vol. 30. Chicago, 1922.

regard to foreign trades. While her foreign trades here were usually called "tribute trades", the activities of Chinese vessels for abroad were subjected to many restrictions by the Anti-Navigation Law etc. By "Chinese vessels" are generally meant the local junks engaged in the coastal or river navigation. Even the "water-borne shipping" which is said to be a peculiar kind of shipping in the Ming era (1368-1644), in fear of the danger of marine risks, made it a rule to make navigation on Large Canals [1]. However, even this inland navigation in China, instead of being well established, was left to a succession of invasions by the vessels of various foreign countries since the Opium War. Cf. Table III. In China, devoid of overseas tonnages, various benefits or favours were given to the foreign vessels which entered there. The fact is that foreign vessels were of great service to the government in bringing in a large mount of custom-duty income on one hand, and in exercising an oppressive influence on the pirate ships lurking often in the coastal districts on the other hand.

Table III

Domestic Trades of the Republic of China (Values) carried on by Various Countries' vessels (1911)[2]

	%		%
England	43.35	France	1.31
China	31.46	Portugal	0.23
Japan	18.69	Italy	0.19
U S. A.	2.67	Denmark	0.07
Norway	1.95	Total (including others)	100.00

(Compiled from the Maritime Custome Statistics of China)

Since the movement of Nationalism after the first World War succeeded in obtaining a tariff autonomy at the Washington Conference, China tried in earnest to gain the navigation rights of inland rivers and canals. However, the recovery and independence of navigation rights would certainly have needed the modern rise of national economy. Stagnation in the social and economic life in general, the military cliques and civil commotions whose unreasonable requisition of ships had obstructed the development of navigation, the chaos and confusions [3] of enterprise

1) H. Hoshi: On the Origin of the Canal-borne Navigations in China, Journal of History. Vol. 53, No. 8, Aug. 1942
H. Hoshi: On the Vicissitude of the Canal-borne Navigations in China, History of Social Economy. Vol. 12, No. 8, Nov. 1942

2) East Asia Shipping Co. Ltd: Shipping in China, 1943. p. 34-5. As for the shipping statistics testifying to the inactive character of Chinese shipping, cf. Sawa: British and Japanese Vessels in Chinese Water Districts, "Toakeizai Ronso" Kyoto University, Statistics Table XV-XVII.

3) 李孤帆: Three Major Projects on the China Merchants Steam Navigation & Co. (招商局三大案) 1933.

management whose scandals are shown expressly by the chronicles of the China Merchants Steam Navigation Co., unless these great difficulties be overcome on the way of the modern rise of the national economy in China, the sound development of Chinese navigation could never be hoped to realize.

France As one of the countries whose shipping is of the first type, France might be cited. To this, some objection may be raised.[1] But as one of agricultural countries producing almost all foodstuffs enough to feed her population, France requires to a lesser degree either foreign trades or international trades, its main activities confinning to coastal or colonial trades. There is not paid so much attention to the overseas trades as in Japan, England, Norway, Germany etc.

Since France had its steel industry dealt a death blow by the loss of Alsace-Lorraine as the result of the France-German War, it struggled to maintain and strengthen her own shipping by instituting various kinds of shipping subsidies. But, French shipping enterprises have been too unprofitable to induce the capital into the field of marchant marine.[2] It is only natural therefore that French merchant marines should be of the inactive character.

Type II Japan Under unfavorable economic circumstances, such as narrow territory, poor natural resources, over-population etc., modern Japan cannot help looking foreign trades for most neccessities of its national life. And for obtaining employment and maintaining the livelihood of the over-population, mere freight revenues from overseas transit trade are not enough. Unless such a type of shipping as to bring imported raw materials and to carry a fairly large part of exported goods manufactured from imported raw materials — unless this type of overseas carriers for foreign trades is adopted, the modern system of Japanese national economy cannot be kept up. The basic industry of Japan as a whole is a manufacturing industry for exportation. Considering the proportion of exports values to the national income as showing the dependence of a country on foreign trades, that of Japan compared with other countries is very great. Cf. Table IV.

In such a great dependence on foreign trades, overseas carriers play a very important rôle in aiding the importation of raw materials and the exportation of manufactured goods. If such a service should be carried on by foreign vessels, the freight paid for them would cause an outward efflux of exchange, and further lead to the comparatively

1) Institut für Konjunkturforschung: Der Wettbewerb in der Seeschiffahrt, Berlin, 1940. S. 228.

2) Calvin, H. C. & Stuart, E. G.: The Merchant Shipping Industry, New York, 1925. p. 222.

Table IV.

Various Countries' Dependence on Foreign Trades [1] (1936)

	Exports (A)	National Income (B)	Dependence on Foreign Trade $\left(\frac{A}{B}\right)$
	million	million	%
Japan (¥)	3,610	16,133	22.4
U. S. A. ($)	2,424	65,246	3.7
England (£)	787	4,328	18.2
France (Fr.)	25,414	189,000	13.4
Germany (RM.)	4,218	64,940	6.5

(In the case of England, the exports of the United Kingdom are 45 %)

Table V.

Nationalities of Vessels entering and cleared from Japanese Ports [2]

Year	Japan	China	England	Germany	Holland	Norway	U. S. A.	Total including others
	%	%	%	%	%	%	%	%
1924	60.92	0.36	20.07	1.69	2.02	1.97	8.63	100.00
1925	66.76	0.06	18.49	1.92	1.90	0.47	8.23	100.00
1926	64.93	0.07	18.93	2.01	1.95	0.89	8.04	100.00
1927	66.59	0.09	17.83	1.98	2.73	1.04	6.93	100.00
1928	66.53	0.04	17.41	2.30	2.32	1.77	6.67	100.00
1929	66.30	0.11	17.00	2.66	1.99	1.75	6.40	100.00
1930	68.50	0.26	13.43	2.70	0.54	1.63	6.18	100.00
1931	70.93	0.17	12.58	1.90	0.52	1.64	5.70	100.00
1932	70.59	0.09	13.39	1.69	0.59	2.04	6.03	100.00
1933	70.13	0.53	13.15	2.42	0.67	2.20	5.62	100.00
1934	69.05	1.80	14.86	2.62	0.81	2.97	5.22	100.00
1935	64.34	2.45	14.42	2.59	0.58	3.90	5.07	100.00
1936	64.65	4.35	13.66	2.21	0.51	4.11	4.01	100.00
2937	63.05	2.47	21.63	3.09	0.44	5.85	2.95	100.00

high price of imported raw materials and manufactured goods resulting in unbalance of trade. Thus, in fact, a greater part of imports and exports in the trade of Japan could not but be carried on by Japanese vessels. Herein lies, as a matter of course, the main reasons that in Japan shipping has been regarded as one of the most important industries. Computing now the nationalities of vessels entering into and cleared from Japanese ports, the proportion of Japanese vessels for 1924 and after amounts to 61-71 % (accordingly, the proportion of foreign vessels 29-39 %). Cf. Table V.

1) Japanese Ministry of Foreign Affairs, A Study of Japan's Ability for Reparation, 1945. p. 14.

2) Japanese Ministry of Finance: Annual Statistics of Japanese Foreign Trade. This table indicates the tonnages arrived and departed. Japanese ships include those registered in the Kwantung Province.

Moreover, viewed from the proportion of cargoes carried by seas, Japanese vessels are 62-69 % and foreign vessls 30-37 % respectively for the same period. Cf. Table VI. (Cf. Table II, Water-borne Imports & Exports of the U. S. A.)

Table VI

Japanese Foreign Trade Cargoes carried by Japanese and Foreign Vessels [1]

Year	Japanese Vessels	Foreign Vesels	Year	Japanese Vessels	Foreign Vessels
	%	%		%	%
1915	70.95	27.35	1927	67.61	30.77
1916	72.75	24.41	1928	67.41	29.84
1917	79.61	17.95	1929	67.98	29.49
1918	87.92	10.36	1930	66.45	30.94
1919	80.78	17.36	1931	67.11	30.55
1920	72.16	26.25	1932	65.93	31.48
1921	74.22	23.95	1933	66.92	30.29
1922	41.99	13.13	1934	66.64	30.46
1923	46.12	18.48	1935	65.99	32.31
1924	61.93	37.05	1936	64.99	32.77
1925	68.62	30.38	1937	61.77	36.21
1926	66.40	32.18			

1) This table indicates the values of cargoes in per-centage.
2) That the cargoes carried by Japanese & Foreign vessels fall short of 100% in total is due to containing the cargoes carried by unidentified vessels.

The above has been the review of vessels entered into and cleared from Japanese ports. In the next place, I shall consider the foreign ports, which are visited by Japanese ships. The greater part of Japanese tonnages is in service on the Asiatic waters and the various trade routes of the U. S. A., Australia etc [2]. These shipping market areas correspond to both the markets from which the Japanese basic industries purchase their main raw materials and the markets for which Japanese basic industries sale their manufactured goods. This fact impresses us with a deep interest, showing the closest relations between shipping and basic manufacturing industries in Japan.

It is a general thing in a shipping country of the first type, which carries with its own vessels most of its coastal trades, to be less interested in the transport for foreign trades ouside its coasts. A shipping country of the second type, however, carries with its own ships not only its costal trades, but further the foreign trades outside its coasts as well, nay its characteristic is that its main markets are the foreign

1) Japanese Ministry of Finance: Annual Statistics of Japanese Foreign Trade.
2) Institut für Konjunkturforschung: SS. 119. 125.

trade routes. Accordingly, of the foreign trade vessels arriving at and departing from their home country, its own vessels are as a rule greater in ratio than in the shipping countries of the first type. (Of the vessels which enter to and clear from the ports of the U.S., the proportion of American vessels are about 30 %, while about 65 % of the vessels which enter to and clear from the ports of Japan are Japanese tonnages.)

From the above, then, those are not necessarily all shippings of the countries belonging to the second type, which are greater in the proportion of their vessels to the whole tonnages entering to and clearing from their own countries. According to the survey conducted by the Institut für Konjunkturforschung in Berlin, concerning the average of the last ten years, the principal shipping countries showing the above proportion to be over 50 %, comprise Japan (61.9 %), England (57.3 %), Germany (56.4%) and Norway (52.4%).[1] As for England, Germany and Norway, then, I consider them to be among the shipping countries of the third type.

Type III Britain Among the vessels which arrive at and depart from the home country, the proportion of British ships is, as mentioned above, the average of 57.3 % in the last fifteen years (Cf. Table VII: showing the survey of the Board of Trade, England).

Table VII

British and Foreign Vessels entered to & cleared from the United Kingdom [1]

Year	British Vessels	Foreign Vessels	Year	British Vessels	Foreign Vessels
	%	%		%	%
1913	56.53	43.42	1931	58.28	41.72
1924	60.09	39.91	1932	57.89	42.11
1925	61.93	38.07	1933	56.53	43.42
1926	64.71	35.29	1934	55.21	44.79
1927	61.70	38.30	1935	54.83	45.17
1928	62.28	37.72	1936	54.29	45.71
1929	60.95	39.05	1937	53.38	46.62
1930	58.61	41.39			

Steam & motor vessels. Including sailing vessels.: vessels in ballast as well as with cargoes. Net tonnage.

However, British shipping, unlike American shipping of the first type, does not find its main service in its castal trades. Nor does it attach, unlike Japanese shipping of the second type, the greatest importance to the service for its own foreign trades. Of the British merchant fleet,

1) Institut für Konjunkturforschung: SS. 121-125
2) Compiled from the Board of Trade: Statistical Abstract for the United Kingdom, 1939. pp. 358 & 366.

Table VIII

Distribution of British Tonnage engaged in Foreign Trades [1]

Year	Vessels engaged in Domestic Trades		Vessels engaged in Foreign Trades	
	Tonnage	Proportion	Tonnage	Proportion
		%		%
1928	1,181,942	6.15	18,040,153	93.85
1929	1,229,966	6.28	18,344,646	93.72
1930	1,301,789	6.72	18,076,130	93.28
1931	1,230,222	6.95	16,465,445	93.05
1932	1,145,370	6.91	15,426,147	93.09
1933	1,098,812	6.89	14,840,828	93.11
1934	1,078,591	6.77	14,846,198	93.23
1935	1,100,275	6.84	14,995,932	93.16
1936	1,111,871	6.81	15,226,224	93.19
1937	1,159,712	6.94	15,549,418	93.06

Steam & motor vessels, Including sailing vessels, but no river vessels

Table IX

British Vessels entering to and clearing from the World Ports [2]

Routes	Between British Overseas Possessions		Between British Overseas Possessions and Foreign Countries		Between Foreign Countries	
Nationalities & Vessels	British	Foreign	British	Foreign	British	Foreign
	%	%	%	%	%	%
1913	94.3	5.7	61.9	38.1	56.1	43.9
1923	95	5	62	38	54	46
1924	95	5	65	35	56	44
1925	95	5	67	33	59	41
1926	96	4	70	30	62	38
1927	95	5	67	33	58	42
1928	95	5	67	33	58	42
1929	96	4	65	35	57	43
1930	94	6	64	36	44.5	55.5
1931	93.8	6.2	64.4	35.6	55.5	44.5
1932	93.4	6.6	64.3	35.7	51.2	48.8
1933	93.2	6.8	59.6	40.4	49.0	51.0
1934	92.3	7.7	58.9	41.1	48.4	51.6
1935	92.3	7.7	55.7	44.3	47.1	52.9

This table shows the proportion of the net tonnages of vessels entered to and cleared from.

1) Compiled from Board of Trade: Statistical Abstract for the United Kingdom, 1939. pp. 358 & 366.

2) Compiled from 'Chamber of Shipping of the United Kingdom; Annual Report and Report Proceedings'

those engaged in domestic coastal trades reach only 6-7%, while those engaged in foreign trades 93 %. Cf. Table VIII. However, the noteworthy point is that the British ocean merchant fleet is not only confined to the foreign trades centering around its own country, but also go out for the trades between foreign countries as far as to load and carry about the half of cargoes there. "45 per cent of the world commerce are carried in British vessels". This estimation is a common sense in the shipping market. The Table IX indicates the predominance of British Merchan Fleet over the seven oceans in the world.

Now, the trades between foreign countries are not directly concerned with the national industries of England. Shipping engaged in the trades between foreign countries does not aim at carring cargoes for its own country's domestic and foreign trades, but mainly at gaining international freight revenues. If shipping aiming at the acquisition of international freight revenues, from the angle of a national economy at present, is named "indirect shipping", British shipping may be said a typical form of a indirect shipping. In fact, British shipping annually obtains a large amount of international freight revenues, thus indirectly doing much toward the national income of England. By the way, the extent to which the international freight revenues gained by British shipping makes good the deficiency of British merchandise trade balance is around 30 %, as is indicated in Table X.

Table X

Principal Items of International Balance [1] (in Mill. £)

	1929	1930	1931	1932	1933	1934	1935	1936
Goods	− 381	− 386	− 408	− 287	− 263	− 294	− 261	− 345
Gold	+ 15	− 5	+ 35	− 15	− 196	− 133	− 70	− 228
Service (Net Income of Shipping)	+ 130	+ 105	+ 80	+ 70	+ 65	+ 70	+ 70	+ 85
Interest	+ 330	+ 290	+ 210	+ 190	+ 200	+ 210	+ 225	+ 235
Net Income of Shipping covering the deficiency of merchandise balance								
per cent	34	27	20	24	25	24	27	27

Norway The principal activities of Norwegian shipping are found in the trades between foreign countries rather than in its coastal trades or foreign trades centering around Norway. The so-called "shipping for shipping's sake" is the main function of Norwegian shipping [2].

1) Institut für Konjunkturforschung: S. 139.
2) Institut für Konjunkturforschung: S. 251.

As for the actual strength of Norwegian shipping, as of 1939, tonnages in possession are 4,840,000 gross tons: the proportion of its possession to the world tonnages is 7 %; and the ratio of owned tonnages against its own industrial products or the amount of foreign trades in Norway is greater than in any of other countries in the world. In the tonnages in possession per capita, Norway is ever at the top of the world, followed in the second place by England with a fairly great difference between them [1]. One of the characteristics of Norwegian shipping, as is well known, lies in the greatness of its tanker fleet. This greatness of Norwegian tanker fleet, without a drop of oil produced within the country, is worthy of our attention. Looking over the nationalities of the world tanker tonnages, England (25.5%) and the U.S.A. (24.5%) come in the order named, followed in the third by Norway, which ranks however the first in the world in the proportion of tankers to all its owned vessels, registering 43.8 % (the latter ratio of Japan is 7.6 % or the nineth of the world. All these figures are as of 1939 [2]). In the International Tanker Owners' Association which was inaugurated May 1934, Norwegian vessels occupied more than 50 % of all tankers of the member countries, thereby Norway was, a small country as it is, substantially in control of the Association. Unlike the tanker fleets of America and England having as their backgrounds the Standard Oil or the Royal Dutch Shell respectively, that of Norway is literally free tanker. Besides, the Norwegian shipping industries are so earnest in the modernization of ships that their average age (12.7 years as of 1939 [3]) is younger than that of any of the shipping countries in the world, and the proportion of motor vessels as well is the greatest in the world (62 % as of 1939 [4]). That the excelent vessels in possession are comparatively great in ratio throws a sidelight on the fact that the shipping of the country concerned have distributed a larger number of its own ships in international trade markets under free competition than in its coastal and adjacent sea trades under restricted competition. Moreover, that the Norwegian tonnages navigating through both the Suez and Panama canals are always fairly great,[5] that in the international trade balance sheet of Norway the net income of shipping is ever more than making good the deficiency of merchandise trade balance,[6] and so on ....., these facts indicate actually the conspicuous internationa-

1) Calvin and Stuart: p. 215.; Gregg: Shipping Fallacies, p. 703.
2) Institut für Konjunkturforschung: SS. 69-70.
3) Institut für Konjunkturforschung: S. 71.
4) Institut für Konjunkturforschung: S. 65.
5) Institut für Konjunkturforschung: S. 123.
6) Institut für Konjunkturforschung: S. 141.

lity (type III) of Norwegian merchant fleet.

Greece Greek shipping also, has not its main aim at transporting for the coastal trades or the foreign trades; it developes itself to the transport between foreign ports.[1] Its internationality, however, differs a little from that of Norway.

Greek shipping is noted for its possession of older vessels. (Average ship age is 23.6 years, in 1939[2]). Greece, with no remarkable ship-building industry of its own, has no other alternative but to import foreign-built vessels. The operation of older vessels, other things being equal, will lead to lower capital cost, accordingly freight charge, and, as the result, there has been maintained the competitive power of Greek fleet in the international shipping markets. In the next place, Greek ship-owners are, most of them, captains as well. Here, both owners and captains are still in the primitive state prior to specialization. The reason is that, when captains are at the same time owners, the management of vessels will be done so economically, and naturally freight charge be so lowered as to bear the brunt of international competition.[3] Such being the case, Greek shipping industries constitute a remarkable contrast with the Norwegian shipping industries of modern superiority.

II. HISTORICAL SKETCH OF THREE TYPES OF SHIPPING ECONOMY

In the above, shipping, viewed as a branch of the system of national economy, has been classified into the the three types. The first type is shipping, which, when the national economy concerned is self-sufficient as a rule, is primarily engaged in navigating in domestic coastal trades. Accordingly, it is generally inactive or conservative in its character. However, shipping in a traditional sense is overseas transport, not meaning transport of a merely coastal or river routes. The very foreign or international oceans outside the coastal and river routes are the proper areas of active shipping. Shipping in a traditional sense is of the international character (Type II, Type III). The economic character of shipping, however, does not come from shipping itself, but rather comes from the character of a whole national economy inclusive of shipping.

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1) Institut für Konjunkturforschung: S. 187.
2) Institut für Konjunkturforschung: S. 71
3) Saugstad, J. E.: Shipping and Shipbuilding Subsidies, Washington, 1932. p. 503.

Self-sufficient national economy is generally a enclosed or isolated economy, but a national economy unable to be self-sufficient (particularly devoid of materials necessary for basic industries) is in pressing need of foreign trades and so overseas shipping as a means of carrying from foreign countries. "It seems necessary for a country which must depend upon the importation of essential commodities to maintain a large merchant fleet and come to the doors of another country to buy the latter's natural resources[1]"

When countries have needed certain articles they have built ships and gone after them. The Greeks sought the Golden Fleece, the wheat and wool of Russia. The Phoenician and Roman ships went to England for tin; perhaps they took purple dyes and other ephemera to use in exchange but they sent ships after what they lacked. The Venetian galleys went after the rich products of the East because Venice and the hinterland wanted them. And so with the ships of the Hanseatic League, of Holland, etc. The modern British ships go to Australia, to Argentina, and to America to get what Great Britain needs: grain, meat, raw materials. That these ships go outbound laden with British products is true, but the exports are subsidiary to the imports and dependent on them. In other words, as pointed out above, the country that lacks food-stuffs and bulky raw materials in general builds ships and goes after them. It might be with some conviction that, historically, shipping has developed as an aid to a country's import trade. Certainly the view that a merchant marine is indispensable to export trade is not much more than a century old. It appeared after the results of the Industrial Revolution began to make it necessary for manufactured and semimanufactured goods to be marketed abroad.[2]

Thus, it follows that "Shipping is a poor country's business". This is a consensus of views held by American shipping theorists, such as Gregg, Calvin, Stuart and Horn. By shipping here is meant overseas shipping (Type II). In accordance with the above, the U. S. may be in need of a shipping of the first type, but not of the second nor the third type. Such has been the argument maintained by these American shipping theorists.

In the opinion that shipping is a poor country's business, we should read another meaning besides the above. In addition to shipping for visible trade (Type II), shipping for invisible trade (Type III) must be considered. By shipping for invisible trade is meant the shipping whose primary aim is the acquisition of freight revenues and whose typical one is shipping for trades between foreign countries.

Generally, division of labour comes into existence by the comparison of relative cost, rather than by that of absolute cost of production. The same is true of the international division of labour. In the absolute cost of production, one country costs less than another in both industry A and industry B. Then when A is more profitable than B in the

1) Gregg: Shipping Fallacies, p. 704.
2) Gregg: Shipping Fallacies, p. 707.

relative comparison of cost, A will be preferred to B for the main industry of the country. In such a way there will be established the international division of labour. However, in the case of shipping market, which is of international nature and of free competition, the advantages of natural conditions do not play a great rôle as in wine brewing, rubber cultivation, fisheries, textile and other manufacturing industries. National living standard, accordingly wage standard may be considered as the most important of the items which cause the differentials of shipping cost among various countries, but this is actually not the cost item peculiar to shipping alone. Thus, the international and relative comparison of shipping cost can be theoretically more easily carried on. Then, if the proposition "Shipping is one of the poorest paying business in the world[1]" holds true, a country which has shipping for its main industry must certainly be indeed a very poor country with no other paying industries. The above is, indeed, true of a country in which a shipping industry is in service for aiding the imports and exports, but when a country particularly selects shipping industry as an independent industry or as means for gaining international freight revenues, other various industries of the country concerned ought to be relatively or internationally more unfavorable than the shipping industry. Thus viewed, the above statement "Shipping is a poor country's business" is not only said of a shipping of the second type, but might be said to hold more properly rather of a shipping of the third type.

The importance of shipping in the early history of our country [U. S. A.] was due to the lack of opportunity at home, which condition forced our people to the sea for a livelihood. It is this same factor that operates today in the principal maritime nations. Measured on a per capita basis, Norway, with 1.4 gross tons of shipping per capita, has the largest merchant marine of the world. The Norwegians are forced to sea for a livelihood by the dearth of home resources, 97 per cent of their country being unfit for cultivation.

A similar situation exists in the case of Great Britain, which is poor in agricultural development, and has a scarcity of home resources: she must import 80 per cent of the wheat, 60 per cent of the meat, 90 per cent of the wool, 90 per cent of the timber, and over 33 per cent of the iron ore which she uses. Coal is the only important raw material which she possesses in sufficient quantity for her needs. It can be readily understood that the very existence of Great Britain depends upon foreign countries and the maintenance of an adequate merchant marine.[2]

"It is not generally understood that shipping is really a poor country's buiness. A country does not go intensively into international shipping unless it is forced to do so by a dearth of opportunities at home, as shipping generally pays small profits,[3]".

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1) Calvin & Stuart: pp. 216, 221.

2) Horn, P. H.: International Trade; Principle and Practices, pp. 266-67.

3) Horn: p. 266.

In this regard lies an essential difference between the second and the third type of shipping. In the case of the second type, shipping, a poor country's business though it is, is a means for aiding foreign trades (import and export) indispensable to basic manufacturing industries of the country concerned. In this case, the delivery-wagon theory might be referred to consideration. Now, suppose department stores A and B which are in a competitive relation to each other. When the A has its own wagons by which to deliver shopped goods to its customers, and the B has none, compelled therefore to make use of the wagons of its rival A every time, it is not difficult to surmise the consequence of the competition, ... so argues the theory.[1] The same will also be true of a competition between national economies. For instance, in importing raw materials necessary for a country as well as in exporting the manufactured goods abroad, compare the case where the country can use its own vessels with the case where the country has no choice but to rely on its rival country's vessels.[2]

However, it is not reasonable to say that one with no wagons (vessels in our case) should be forced to rely on his rival. In reality, besides A and B there exists usually a 'common carrier' who specializes himself in carrying for service of others. The very existene of a department store (B) with no wagon at all invariably presupposes the existence of such a common carrier. A department store (A) with its own wagons, as we have seen already, is 'a private carrier', which is historically the form preceeding a common carrier (or, an industrial carrier partially seen after the monopolistic capitalism). The general form of carrier in the present age is undoubtedly a common carrier. The same is true of not only shipping industry as an individual enterprise, but also of shipping economy as a branch of the system of national economy. Now, in our case, shipping of the third type is nothing but the common carrier. It is a carrier in common service for trades between foreign countries. Then the freight revenues gained from foreign countries constitute a main income source, and shipping in this pure sense makes even one of the key industries of the country concerned. In short, though shipping is equally "a poor country's business", there is a considerable difference in essence between shipping as a means of carrying for domestic basic manufacturing industries, and a shipping independent from domestic basic manufacturing industries.

We have elsewhere[2] followed historically the course of development from a private carrier to a common carrier to grasp the forms of ope-

1) Gregg: Shipping Fallacies, P. 706.
2) This is the opinion of President Th. Rcosevelt. Zeis, P. M.: American Shipping Policy, Princeton 1938. P. 49.

rating a shipping enterprise. And we have seen that its classification on the whole is true also of shipping as a branch of national economy. Now, to sum up in spite of some duplication, a shipping of the first type, carrying domestic commodities from one port to another port within a country, is a private carrier when viewed in the light of national economy. Shipping of the second type, as is the case with the Japan Cotton Shipping Federation importing by Japanese ships on a f.o.b. contract the raw-cotton they bought from India and exporting the manufactured textile goods by the Japanese ships on a c.i.f. contract, carries on by her country's ships both the importation of raw materials necessary for her country's key industries and the exportation of goods manufactured by her country's industries, consituting also a private carrier when viewed in the light of national economy. On the other hand, however, shipping of the third type dose not only carry the domestic and foreign trades but also those between other countries, and so can be said a common carrier when viewed in the light of national economy.

And it may not be amiss to say that shipping, serving the formation of national economy and world economy, has developed from the first to the second type, and then as far as to the third type. It is in the modern ages that the development from the first to second type came to assume a definite form; and it is after the middle part of the 19th century that the development from the second to the third type assumed a important form.

Thus, the development "private carrier to common carrier" may well be seen in that of national or world economy itself rather than a formal development of shipping enterprise itself. Shipping as a branch of national economy is to be handled from the viewpoint of national economy, and accordingly the three types above said should be viewed deliberately from the stand point of the national economy to which the shipping economy concerned belongs. The essential difference of national economies naturally leads to the different types of shipping economies. And, as is the case with national economy, the types of shipping economy are in a large measure subject to historical development. Type or form is never fixed, but ever grows and developes.

The above has been an outline of the three types of shipping economy as a branch of the system of national economy. The following is the further consideration given to the historical development of their characters.

Type I U. S. A. Though we have handled the shipping of the U. S. A. in terms of the coastwise character of the first type, it does

not follow that American shipping is always of such a character. Rather, the character of American shipping varies in accordance with historical stages of her national economy. The treatment of American shipping must, therefore, needs be considered deliberately.

Till the middle part of the 19th century, still influenced by the early frontier spirit of political independence, American shipping made such brilliant records as to have often valliantly challenged and surpassed the English shippings. For the purpose of obtaining economic independence, which was not accompanied by political independence gained from England by the War of Independence, economic activities have made a positive development. However, the iron industries having not been permitted, by England's colonial policies, to produce freely even a single horseshoe, America had not been prepared for the development of industrial system. It is only natural that it had no choice but to resort to commercial activities. There happily had remained in its hands a wooden shipbuilding industry enough to have supplied as much as one third of the vessels used by Englsnd shipping in the colonial age. And every coastal regions were favored with good lumber for wooden shipbuilding. Thus on board the clipper ships built by their shipbuilders, people went out to the world oceans with few restrictions except in the West-Indian routes. Consider, in this connection, "the call of the sea" in Eugene O' Neill's play 'Beyond the Horizon' describing the young -men of the time. As indicated above on the Table I & II, in the then U. S. the ships tonnages engaged in foreign trades largely surpassed those of coastal and river trades, and the American sea-borne imports and exports carried by American vessels were much greater than those carried by foreign vessels. That is to say, the shipping of the then U. S. A. was in fact one full of internationality as well as of positiveness (Type III). The American clipper ships transporting between Europe and the Far East were actually at that time the shipping of the third type.

"The European sailor navigates with prudence; he only sets sail when the weather is favorable; if an unfortunate accident befalls him, he puts into port; at night he furls a portion of his canvas; and when the whitening billows intimate the vicinity of land, he checks his way and takes an observation of the sun. But the American neglects these precautions and braves these dangers. He weighs anchor in the midst of tempestuous gales; by night and day he spreads his sheets to the winds; he repairs as he goes along such damage as his vessel may have sustained from the storm; and when he at last approaches the term of his voyage, he darts on ward to the shore as if he already descried a port. The Americans are often shipwrecked, but no trader crosses the seas so rapidly. And as they perform the same distance in shorter time, they can perform it at a cheaper rate.[1]

1) Clark, A. H.: The Clipper Ship Era, 1843-1869, New York, 1910. pp. 89-90.

Furthermore, there was a great discrepancy in spirit between American vessels seeking for their livelihood in trade navigation on one hand and English vessels which had long indulged in the privileges of the Navigation Acts and the East Indian Company on the other hand. So, competing with English vessels in the long distance navigation between Foochow and London for the transport of tea, the American Clippers were always able to set up more brilliant records. This superiority of American vessels was admitted by even their rival English vessels with no objection.

The British shipping was being left behind by many of its rivals, as regards the design and fitting of the ships, the training, discipline, and treatment of the crews, and the professional education of the officers. Scamped workmanship, defective stores and equipment, professional incompetence, slackness, and excessive drinking, were all deplorably common.[1]

The above is in truth a confession found in the Report of English Trade Commission of 1847 just prior to the repeal of the Navigation Acts. Also, in the same year J. K. Polk, President of the U. S., also stated in his message to the Congress, "If things go on at this rate, a day will not be far away when American shipping will be greater than that of any other country in the world[2]".

However, it so happened that when the economy of the U. S. which had been gradually relieving itself of the mercantilism of the earlier days of political independence, particularly showed "a great turning from sea to land" by dint of enthusiasm in the discovery and cultivation of inland resources since the time of Civil War, shipping tonnages began to decrease in contrary to President Polk's expectation. This fact we can ascertain with deep interest by the figures since the time of the Civil War shown on Table II. That is, the American tonnages had then so declined that it could barely be of service to the coastal trades. (Type I) Of course, enthusiasm in the cultivation of inland national resourses was not the only factor causing such a decline of shipping tonnages. Another reason is that, keeping in step with the cultivation of inland natural resources, various manufacturing industries in America saw their sudden development. Goods produced under favorable conditions such as rich raw materials on a large scale, excellent techniques, etc. were easily exported without depending on their own country's marchant fleet. So saying, however, we do not mean that to this destiny American shipowners inactively resigned themselves with folded arms. From the end of the 19th century to

1) Fayle E.: A Short History of the World's Shipping Industry, London 1933. 231-32.
2) Osaka Shosen Kaisha.: Claparm, 'On Navigation Acts', 1934 p. 2.

the beginning of the 20th century, they always endeavored to restore the golden age of American shipping. And so, some generous shipping subsidies acts were issued by the Republican government. But, to the regret of shipowners, the great turn from sea to land was so decisive that most of their efforts were unsuccessful.

Thus, shipping of the U. S., with the Civil War as a turning point, was shifted on the whole directly from the third to the first type, but this fact did not neccessarily coincide with the development of American shipping policy. Earlier in the 19th century, the typical system of shipping policies (the Navigation Act of 1817) was established after the fashion of Cromwell in England. The Navigation Acts are found in the shipping policies in the maritime countries of the second type. This was a very important fact worthy of attention in the history of American shipping policy. Anyway, the truth is that, in spite of the actual return to the first type immediately after the Civil War, they held fast to the privileges of the Navigation Acts. Herein lie many difficulties and the most serious problems of American shipping.

With an enormous number of vessels hastily built during and after the World War I, the post-war American merchant fleet for a time came to approach the English tonnages. At that time something fairly positive was under way along the line of policy. S. Helander called this movement an American shipping imperialism.[1] This as well ended after all in an ineffective result. One reason may be that, however great tonnages they may be, most of the merchant fleet were comprised of low-efficient vessels built in the emergency of the war, and yet there was something unnatural in the fact that American shipping of the first type tried to become the second type. Thus, in a short time, it returned to a state of stagnancy. "The United States has been a confirmed landsman for fifty years before the War. We knew little of the sea except that it was on the map, and we have solemnly tried to treat it as though it were land, meanwhile displaying in our legislation the greatest ignornce concerning the economic aspects of the life and the business upon it. This has been true not only of our legistation, but also true of our finance, true in the mind of the average citizen, in the public print, and the curricula of our universities[2]". These are the words expressed by J. R. Smith in his work: 'Influence of the Great War upon Shipping' 1919 and ingeniously

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1) Helander, S: Die internationale Schiffahrtskrise und ihre weltwirtschaftliche Bedeutung, Jena, 1923. SS. 380-81

2) Smith, J. R.: Influence of the Great War upon Shipping, New York, 1919. p. 317.

express the extent American citizens at present feel interest in shipping. Compare with the time when O' Neill wrote "The sea lies over the hill", "The sea is calling for me", and "Winding far toward the hill, even this road looks like seeking for the sea,[1]" it strikes us literally with the change of the times.

Many observers have bewailed the fact that the United States had practically no ocean shipping in 1914. Only three-quarters of a million gross tons of ships were registered for our foreign trade and fully half of this total was engaged in essentially coastwise trade. Such observers point fondly to the days before the Civil War when the American clipper ship was to be found in all the ports of the world. They are almost inclined to indict for treason the high officials of our government long since dead for letting our merchant marine decline.

A little analysis would save them considerable mental anguish. Why was our merchant marine large and vigorous in late colonial and early republican days? Merely because of the principles outlined above. When the scanty New England soil had been brought to maximum cultivation, when the early forests had been denuded and had not had sufficient time to grow back, our ancestors found themselves hemmed in to the westward by the forbidding mountains full of hostile Indians and to the eastward by a stormy ocean. The ocean seemed less formidable than the mountains and they went to sea. It was not until the forties and fifties that the Middle West began to be opened on a large scale and to draw the men and money from the seaboard inland. Even after this tendency was plainly visible, the impetus of our shipping industry carried it forward. Then came the Civil War and afterwards the frantic exploitation of the Middle West. In 1850 our shipping was carrying 73 per cent of the value of our foreign trade. By 1914 our merchant fleet was not quite 5 per cent of the world total and was carrying only 9 per cent of the value of our trade.

Since the close of the (first) World War many people have said that the time has now come when this country must develope a large merchant marine. Why has the time now come? Have we ceased to be a large exporter of raw materials and foodstuffs, which ordinarily are carried in tramp ships and rarely in the vessels of the selling country? Is the greater part of our foreign trade, in volume rather than value, in highly competitive articles that are discriminated against when carried in the ships of other countries? Are the profits now to be derived from shipping as attractive as those derived from our domestic industries? Of course, none of these things has happened. The volume and direction of our trade are not appreciably different from what they were in 1914. The two significant changes from the pre-war status are the greatly overbuilt capacity of some of our industries, which may provide a larger surplus for exportation — or which may give work to additional wrecking crews — and the large number of ships now belonging to this country. At the present writing the United States has not the economic necessity for a large merchant marine.[2]

The conservativeness and negativeness of shipping in the U. S. should be after all grasped in comparison with the development of national economy, especially inland manufacturing industries. Compared with the mechanized organisations of a large scale assumed by inland

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1) As to the then American oceanic-mania, W. L. Marvin also said, "Each street leads downward to the sea." Marvin: The American Merchant Marine, New York, 1902. p. 43.

2) Calvin & Stuart: pp. 223-24.

industries, the operation of ships still is but a craft industry.[1] Accordingly in America, the profit rate of shipping industry is generally low or poor-paying, and the flow of investment into this field is always very weak. Therefore, coastal trades are only carried on under the monopolies and generous subsidies granted by the government.

Type II Japan It goes without saying that the present character of Japan's shipping has been formed through a historical development. Japan in former times, though a narrow island country, was as a whole self-sufficient in economy. The activities of Wakou, Goshuin-ships, Yamada Nagamasa, Russon Sukezaemon etc. were the representatives of Japanese overseas activities stimulated by the collapse of Japanese manors, but since the establishment of a centralized feudalism, Japan lived a peaceful life for 300 years in the Tokugawa era. In the Edo period (1603-1867) the large-sized vessels bound abroad were banned for use. (Directive for Destroying Daimyo's Large Vessels, 1609; Ban on Use of Large Vessels Exceeding 500 koku Capacity, 1634.) It was with the importation of foreign style steamers after the Meiji Restoration (1868), that Japanese shipping started on the full-fledged development. But the modern rise of manufacturing industries (particularly cotton spinning industries) which have been established after the Sino-Japanese War (1894-1895) played among others a decisive rôle in making the current character of Japanese shipping.

Japan's shipping industries are said to have been closely connected with wars (national defence) in the Meiji era and after. It cannot be gainsaid that the Navigation Encouragement Law and Shipbuilding Encouragment Law of 1896, the most epoch-making legislation in the history of Japanese shipping policy, were enacted from the necessity of increasing and strengthening war-time seaborne fleet strongly felt as the result of experience in the Sino-Japanese War. It is not to be forgotton, however, that at the very same time (before and after the Sino-Japanese War) Japanese national economy as a whole entered the first stage of the development of industrial capitalism.

Japan's cotton spinning industries in the earlier years of the Meiji era were not enough to satisfy even domestic demand, and so the domestic consumption was dependent on foreign cotton yarns. The cotton spinning industries, therefore, first aimed in the main at the domestic markets. But they became prepared to proceed not only to domestic markets but to foreign markets with the gradual increase of productive

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1) U. S. Maritime Commission: Economic Survey of the American Merchant Marine, U. S. Government Printing Office, Washington, 1937. p. 54.

power, and for this reason Japanese cotton-spinning industries tried hard to turn their market system from domestic market to foreign market. That is to say, abolishing both the import duties imposed upon foreign raw cottons they bought from abroad and the export duties imposed upon domestic cotton yarns and clothes they manufactured, they looked to foreign markets for the purchases of raw materials and the sale of manufactured goods. For this purpose a campaign was started from 1890 on with the Japan Cotton Spinning Federation as a center, often submitting to the Diet the Raw Cotton Import Duties Abolition Bills and Cotton Yarns and Clothes Export Duties Abolition Bills, which were passed in 1894 and 1896. Thus the development of Japan's industrial capitalism started with the cotton-textile industries which was the key industry of Japan at that time. In other words, this was an epoch-making victory of the rising capitalists over the old feudalistic powers dependent on agriculture or domestic market, and thereby Japan's national economy experienced a large scale of structural change of the greatest significance. Now the rapid progress of Japan's cotton-shipping industries since the Sino-Japanese War is shown in brief figures as follows: [1]

	1892	1902
Cotton-Spinning Mills	39	80
Spindles	385 thousand	1,246 thousand
Production	204 thousand packs	770 thousand packs
Imports of Cotton Yarn	81 thousand packs	8 thousand packs
Exports of Cotton Yarn	1 thousand packs	198 thousand packs

Coinciding with and closely connected with these tendencies, Japanese shipping began to make a rapid progress from domestic coastal trades to foreign overseas trades. It was on the Bombay trade (November 1893) that Japan's merchant fleet established the first foreign liner route. As against the absolute sway of the P. & O. Line which had there exercised over the trade route (Bombay-Japan), the Japan Cotton Spinning Federation supported the Nippon Yusen Kaisha and shipped on board of her ships the main cargo for the route, Indian raw cotton.[2] And at that time there was beginning to develope an upward tendency in Japan's national economy, not only for the cotton texile industries but also for the other various manufacturing industries. To keep ahead of this tendency, therefore, the Nippon Yusen Kaisha and Osaka

1) Tsuchiya, T.: An Outline of the Economic History of Japan (Continned), 1939. p. 171-72

2) Nippon Yusen Co. Ltd: Fifty-Year History of N. Y. K. Ltd, 1835, p. 119; Imperial Shipping Committee: British Shipping in the Orient, London, 1939. pp. 79ff.

Shosen Kaisha, two of the greatest shipping companies of Japan, further established some important foreign liner routes such as European route in March, 1896, American route in August, 1896, Australian route in October, 1896 etc. And the main foreign liner routes for Japanese shipping were mostly established around the time of the Sino-Japanese War. In short, at that time, the character of Japan's shipping economy turned from the first type (internal intention) to the second type (external intention).

Table XI

Japanese Tonnages before and after the Sino-Japanese War[1]

Ship-Type (Tonnage)	1893		1903	
	Number	Gross Tonnage	Number	Gross Tonnage
— 100	203	11,552	367	21,732
100— 300	90	16,816	221	36,425
300— 500	37	14,347	82	32,530
500—1,000	30	22,062	66	43,116
1,000—2,000	30*	40,132*	81	118,830
2,000—3,000			60	150,813
3,000—5,000			21	77,454
5,000—			20	122,716
Total	400	104,909	1,018	603,666

* Including all vessels exceeding 1,000 gross tons.

Referring to the Table XI on the increase of steamer tonnages, the external intention mentioned above is rather remarkable.

It may be of course the government shipping and shipbuilding subsidies granted by laws of 1896 that directly stimulated Japan's shipping industry to make such a rapid development. However, the reason why the government granted such generous aids was that the then accumulated capital of shipping enterprises was still not neccessarily enough for Japanese shipping industry to make full activities abroad. And it must be considered that the time for external development was ripening not only in shipping, but also in the whole of national economy. Thus viewed, it would not be necessarily an apt and proper explanation to regard the above mentioned two encouragement laws only as the militaristic legislation of Japan.

Since then, Japanese shipping, in accordance with the development of its national economy, has displayed more of the second type character. It is deeply interesting to note, however, that with the world economic

1) Unegawa, S.: History of Japanese Shipping Industry, 1927. p. 231-82: Unyu-Nippon-Sha: Fifty-Year History of Shipping, 1917. Section III Shipping, p. 49.

crisis of 1930 Japanese shipping showed a sign of developing to the third type. The fact is that Japanese shipping, till then annually having increased the proportion of its tonnages entering in and clearing from Japanese ports, was so affected by the world economic crisis as to temporarily change this tendency, having increased on the contrary the proportion of tonnages engaged between various foreign countries.[1] Oppressed with the foreign trade depression and the tonnage excess caused by the world crisis, Japanese shipping which was only resorting to foreign trades centering around the country, showed an inclination of positively acting on the international trades between foreign countries. And this tendency received the frank support from the buoyancy of foreign trades due to the low yen-exchange rate. Therefore, had it not been for the Sino-Japanese Incidents (1937-1941) and other political disturbances, Japanese shipping would have become to some degree the third type.

The annual development of Japanese shipping of the second type will be most frankly testified to by the further progress of navigation and shipbuilding encouragement laws. Namely, first in March 1909 the shipbuilding encouragement laws was revised, raising the qualification for subsidy from "a iron or steel vessel exceeding 700 gross tons" to "a steel-vessel exceeding 1,000 gross tons". And at the same time, the previous Navigation Encouragement Law was abolished and renamed the Foreign Trade Aid Law, stipulating the requirements for subsdies as follows:

Navigation Encouragement Law (Instituted 1896)	Foreign Trade Aid Law (Instituted 1909)
Type : Over 1,000 gross tons	Type : Over 3,000 gross tons
Speed : over 10 knots	Speed : over 12 knots
Ship age : less than 15 years	Ship age : less than 15 years
(Foreign-built ship, if her age is less than 5 years, is qualified, too.)	(Japanese-built ship only is qualified.)

Moreover, during the World War I., in 1917 the Navigation Encouragement Law was suspended. Of course, such a measure for bounties (subsidies) may have been set up with a view to cutting down financial outlay on one hand, but it was because Japanese merchant fleet had so developed as to be able to meet such qualifications easily on the other hand; in other words, it had completely developed, in ship-type and the other qualities, from internal intention (the first type) to external intention (the second type).

A series of facilities for improving the tonnage qualities, which

1) Institut für Konjunkturforschung: SS. 110-11

opened from Oct. 1932 on, were actually a means for regulating the then chronic excess of vessels, but on the other hand they were in a sense for complying with the overseas development of the Japanese shipping. Namely, as for the qualifications for subsidy, it provided that a newly built vessel should be more than 4,000 gross tons and over 13.5 knots in speed (subsidy increased per ton according to the increase of speed exceeding 14 knots), and the ratio of a new substituted ship for an old scrapped be 1 : 3 in tonnage, from which we can imagine the extent of endeavour for the improvement of tonnage qualities.[1] It goes without saying that such an improvement of tonnage qualities will strengthen in a large measure the Japanese marchant fleet's competiting power in international shipping markets.

At any rate, it is impossible that the defeated Japanese shipping should resume the first type as before. However advanced Japanese modern industries may become hereafter, Japan, as long as her domestic natural resources are very poor, will find it hard to adopt the character of shipping as found in American which has developed modern manufacturing industries with her very rich inland natural resources. To quote from Gregg, the volume of Japan's foreign trade as of 1913 was almost balanced. The exports of 4,600,000 tons balanced with the imports of 5,300,000 tons. On the contrary, the foreign trades of the U. S. are largely a one-sided business. It registers the balance of exports 52 million tons to imports 17 million tons (of dry cargoes only) or exports 58 million tons to imports 36 million tons (including wet cargoes). Different from Japan, therefore, the U. S. shipping had no reason to develope itself, ... so says Gregg.[2] Originally, however, in Japan which imports from overseas the bulky, heavy cargoes, such as industrial raw materials, foodstuffs, etc., one-sided business is a general tendency and this tendency has been specially conspicuous since the World War I.[3] The Japanese and American trades may be said equally one-sided business, but, in intention, Japanese and the American are categorically opposed to each other, registering overbalance of imports volume in Japan and of exports volume in America. Herein lies an essential cause which will ocaasion difference between both countries in regard to the character of shipping.

This is a very important matter worthy of consideration even in

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1) Vessels Improvement Association: Business History of the Vessels Improvement Association, 1943.

2) Gregg: Shipping Fallacies, pp. 761. 704.

3) Nippon Yusen Kaisha: Report on Shipping & Economic Survey (semi-annual edition) e. g. Edition for the latter half of 1932, Section VI, 927-28.

judging the character of shipping which Japan's shipping should assume now after the end of the World War II. And depending upon the system of national economy of Japan after the defeated war, Japanese shipping may well be required to strengthen hereafter the second type character all the more, and further to develope itself into the third type character. This is a very important subject worthy of studying with a great deliberance.

Type III England British shipping also was not always the third type from the early times. England in the middle age was economically inactive and her foreign trades were negative or passive. In the middle ages, what England imported was mostly luxuries for the upper classes, such as silk, furs, dyed woolen fabrics, and French wine; and the imported goods used by the common people were nothing more than Norwegian tar for treating sheep's itch.[1] What is more, most of these imported goods were carried to British coasts on board foreign vessels exclusively of foreign merchants of the Hanseatic League, Venice, Genoa, etc. The same was true of exportation, some crude products, such as tin and wool, having been carried abroad by foreign merchants on their vessels.[2] England in the middle ages which had such a inactive and passive economic life was of course in a large measure inferior to the Hanseatic League and city-states of Italy at that time in manufacturing industries, capital accumulation, commercial enterprises, maritime navigation, possessed tonnage, etc. There was found no active maritime enterprise or navigation, and the stagnant lives of farmers were always troubled with the invading Scandinavian sea-folk. Vessels used by the English in those days were limited to the small-sized ones for coastal trades called "hoys" or "plates". England in the middle ages carried on shipping of the first type, reflecting the inactiveness and passiveness, as it was, of its national economy. And her shipping should have been properly called a coastal shipping rather than a overseas shipping.[3]

Such a passiveness and stagnancy of British national economy had been gradually tinged with activeness since the latter part of the 14th century on. It took, among others, two activities. One was the activity of staple merchants, who, eliminating the above-mentioned monopoly of foreign merchants, mainly endeavored to put in its place English merchants of their own country. The other was the activity of merchant adventurers, who, while the staple merchants developed a

1) 2) Ashley, W.: The Economic Organization of England; An Outline History, London, 1921. p.68.

3) Sawa, S.: 'Shipping Policy of England in the Middle Ages' Keizai Ronso, Kyoto University, Vol. 52, No. 3, March 1941.

negative activity of eliminating the monopoly of foreign merchants, tried positively to develope foreign markets with their own hands. And while the former continued to be active largely under the protection of privileges, the latter sought rather in 'adventures' the motive of their own development. Anyway, thus, British foreign trades which had been monopolied by foreign merchants throughout the middle ages was settled, very slowly but steadly, into the hands of the English people. When Flanders' merchants lost their privileges in the year of 1534 and the Hanseatic merchants withdrew from Steel-yards in the year of 1597, British foreign trades on the whole have been won back from the hands of foreign merchants into the hands of English merchants.

However, such a recovery of trade right was by no means realised by merchants alone. Distinct from Holland, the peculiar significance of England's modern economic development is that the overseas activities of trade merchants were always substantiated by the support of manufacturing industries. This historically well-known fact may need no elaboration, but just when the above-mentioned trade merchants started more or less on positive activity, England's wool industries had entered into its initial stage. That letter of protection to Flanders, with which Edward III invited the seventy families of woolen textile weavers from Walloons led in fact to the development of English manufactures, and as for shipping, in the reign of Edward III also the first of the British Navigation Acts was instituted. The Navigation Act, 1368 (42nd Edward III ch. 8.) did not concern the woolen industries or woolen fabrics, but granted British merchant marines a preference over foreign vessels to load wine at the port of Gascony for England, and therefore it was nothing more than an act concerning the luxuries for a part of English upper classes. Be that as it may, however, it was thus indeed that England first displayed expressly the spirit of 'Imperial preference' traditionally contained in the Navigation Acts. "Not until the reign of Edward III, was there any definite national action giving preference to England's own ships,"[1] as H. C. Hunter viewed. But as a mater of fact, the 'Imperial preference' was one of the means by which a modern nation generally adopted to develope itself indepently breaking away from the stagnancy of the middle ages. Therefore, whether cargoes to be loaded were wine or other merchandises does not necessarily matter herewith.

However, the modern development of British shipping was

1) Hunter, H. C.: How England got its Merchant Marine, 1066-1776. New York, 1935. p. 13.

indeed very slow. In 1381 Richard II instituted the Navigation Act (5th Richard II., Statute 1, ch. 3.) which was very decisive for England then, providing that "No English subject to import or export into England any merchandise save in English ships but it was never to be put in effect at that time when there was almost no English large-sized vessel able to sail far overseas and to be engaged in transport for foreign trades. So, the next year's legislation (6th Richard II., Statute 1. ch. 8.) was compelled to amend the act thus: "Where English ships could not be had, English subjects may use foreign ships to bring in or carry forth their merchandises. The similar experience were often repeated. Thus, though very slowly, British shipping industries grew positive steadily to getting rid of the inactivenes of the middle ages. A turning point in the above sense is the Tudor nationalism.

Francis Bacon, in his work, 'History of Henry VII', commenting on a series of Navigation Acts issued by Henry VII, praised the latter as a king "bowing the policy of this realm from the consideration of plenty to the consideration of power."[1] Here, the 'consideration of plenty' is the idea of an indolent and inactive life in the middle ages, and the 'consideration of power' is the idea peculiar to the modern ages strongly progressing outward in spite of needy living. As to how closely a series of Navigations Acts of Henry VII were connected with the Tudor nationalism as the keynote of mercantilism of modern England, and how important corner-stones they placed for British shipping and shipping policy, there is no room here for elaboration.[2] And also as to the maritime legislation and overseas development so positive and decisive in the reigns of the succeeding Henly VIII and his daughter Elizabeth as well, there is no place for detailed explanation.[3] As concluded by H. C. Hunter in his laborious work, the Tudor kings, for the first time, laid the great foundations for a shipping policy as a national policy,[4] and the shipping system of England at that time came to have a positive intention for abroad in response to modern capitalism. (Type II)

After passing through the Tudor dynasty, England's shipping made its positive intention for abroad the more conspicuous. (Type II) This positiveness is well substantiated by the Navigation Acts of Oliver Cromwell and Charles II. And these Navigation Acts, as shown by the fact that some of them was called the Staple Acts, had the character of mercantile

1) Lipson, E.: The Economic History of England, Vol I.: London, 1937. p. 592.
2) 3) Sawa, S.: 'Shipping Policy of the Tudor Nationalism' Keizai Ronso, Kyoto University, Vol. 53, No. 1, July, 1941.
4) Hunter: p. 34

legislation for transit trade on one hand, the character of industrial legislation which aimed at the development of English manufacturing industries on the other hand. Consider how significant the 'enumerated goods' stipulated by these acts were to English manufacturing industries. Consider how these acts suppressed Dutch transit trade, and made England grasp a dominant power over the seas of the world. However, such a mercantile system and various monopolistic protection provided by the Navigation Acts also came to disclose its grave inconsistencies as England's national economy rapidly developed, and toward the modern ages, the crux of the matter was how to overcome these inconsistencies.

But the matter was not to be solved in a day. The privileges once bestowed have an unexpectedly persisting power. Even after the loss of American colonies[1] with which the Navigation Acts were directly and closely connected, these Acts still held on their remaining lives rather long. Even the fact that the acts survived through the revisions of 144 times since Cromwell certifies the considerable length of the lives of the series of Navigation Acts. However, with an great upheaval of the Industrial Revolution which influenced the foundation of British national economy, the Navigation Acts eventually were forced to die. Thus it was that British shipping came to follow the third type.

It was of great significance that both the Navigation Acts and the Corn Laws were almost simultaneously repealed as well as instituted.[2] Generally speaking, the interests of merchants and manufacturers which the Navigation Acts wanted to protect did not necessarily coincide with those of landed classes which the Corn Laws wanted to protect, but at the earlier stage of capitalism the relation was not so conspicuous. However, in the 19th century after the Industrial Revolution, various industries of England made so hasty and extraordinary development that not only the Corn Laws but the Navigation Acts as well came to be regarded restricting and binding. In short, the time required the open market much broader and more general than originally expected

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1) Sawa, S.: America in the History of British Shipping Policy, Keizai Ronso, Kyoto University, Vol. 53, No. 4, October 1941.

2) Navigation Acts: instituted ..... 1651, Cromwell Interregnum
1660, 12. Charles II., ch. 18.
1663, 15. Charles II., ch. 7.
repealed ..... 1849, 12 & 13. Vict., ch. 29.
1854, 17. Vict., ch. 5.
Corn Laws: instituted ..... 1670, 22. Charles II., ch. 13.
1689, 1. William & Mary, ch. 12.
repealed ..... 1846, 9 & 10. Vict., ch. 22.

by these Laws and Acts. The very difficulties of parting with the once granted privileges were responsible for the delay and postponement in their repeal. But, the requirement for an open market as a result of the development of the Industrial Revolution led at a stretch to the repeal of the two laws.[1] This may well be said, all in all, British shipping, in coincidence with the modern rise of British manufacturing industries, followed the course of development from the second to the third type. In this connection, compare the idea of Navigation Acts on which England insisted up to that time with the idea of maritime liberalism that the thereafter England has regarded as the traditional idea of shipping policy.

When the new mercantilism (" We must have ships and commerce of our own ") in various countries after the first World War came to gradually exercise a strong influence in the disadvantage of British merchant marines, a strong voice for the return to the former policy system of Navigation Acts (Type II) was often raised in England.[2] Such a situation was the more intensified by the world economic crisis (1929-30). In March 1933, therefore, W. Ranciman, English Minister of Trade, stated that British administration was not uninterested in the international shipping situation of the time, by saying as follows:

"If the line of policy adopted by many countries is to be pursued without intermission and British lines and British individuals endangered by State-supported competitors, we shall have to take a new survey of the problems of the Mercantile Marine. We cannot afford to see our greatest industry wiped out. I should be one of the last to advise entering upon a fiscal or subsidy war, but I have no hesitation in saying that the feeling in this country would be behind any Government which protected (I do not mean in the technical sense, I mean in the broader sense) the Mercantile Marine of this country, in which we have a predominant influence, from unfair competition which in itself might endanger the whole of our mercantile fabric."[3]

However, for England which as a shipping country of the third type had laid a strong foundation in the trades between foreign countries, abandonment of maritime liberalism was easier said than done. The fact is that in this case also the following statement will hold true: " Should such a measure be hastily put into action, it will not uncertainly lead to quite an unexpected result. That is to say, it is not impossible that a death blow will be dealt to British shipping itself and accordingly to other fields of its important domestic trade." [4]

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1) Sawa, S.: Historical Significance of the Repeal of England's Navigation Acts. "Shipping", No. 234, November 1941.

2) Osaka Shosen Kaisha: Claparm, 'On Navigation Acts', 1934.

3) The Times, Feb. 18. 1933.: League of Nations: On Merchent Shipping Crisis, Geneva, Jan. 16. 1934. p. 27.

4) Kawamura, T.: World Economic Conference on Merchant Marine and English Minister of Trade, " Shipping, " No, 143. April 1934.

Thus, in order to maintain the status quo as much as possible and to alleviate and dodge the offensive of other maritime countries of the first and second type, England, by means of the World Economic Conference of June, 1933 and others, tried to make counter-meausures, but quite in vain. Thus eventually in 1935 was instituted the British Shipping Assistance Act, which aimed at relieving the then most depressed trampers by government subsidies. For British shipping which held on liberalism after having repealed the Navigation Act, the adoption of such a shipping subsidy policy may well be said a great shift worthy of attention. This Shipping Assistance Act was, however, nothing more than the temporary measure against depression, and accordingly it did not in the least mean the decisive turning of British shipping from the third to the second type.

All in all, the history of British shipping has followed the course of development from the first to the second, and thence to the third type. In this connection, I grasp the development of British shipping as the development of 'three seas': that is,[1)]

Type I (Middle Ages) Shipping of 'Channel'
Type II (Modern Ages) Shipping of 'Foreign Oceans'
Type III (Latest Modern and Present Ages) Shipping of 'Seven Oceans'

The most significant sea for England in the middle ages was the English Channel which connects England with the European Continent, and England carried on inactive trades by means of the Hanseatic as well as Venitian merchant fleet coming through the Channel. English vessels themselves never went far into other seas and oceans. Up to the time of Edward IV, no English vessels were found sailing as far as into the Mediteranean Sea. And the English Channel was nothing more than an inland sea for the England. When Henry II, the first king of the Plantagenet dynasty, came to England's throne from France, he gave to England as a gift a part of the north-western territory of France, and thus the sailing through the Channel over to the Continent was considered nothing more than a trip from one place to another within the same realm. As a matter of fact, the intermittent wars for accession to throne broke out concerning this territory and made England so fatigued as to have had no time to be interested in other matters. Herein lay in fact the more real reasons for the stagnancy of English shipping (Type I) in the middle ages.

1) Sawa, S.: Elasticity of England's Shipping Policies, Keizai Ronso, Kyoto University Vol. 58, No. 1-2. Feb. 1944.

However, the time came for England, against its will, to relinquish such a stagnancy of channel or coastal shipping. Since England, as a result of the defeat in wars and conflicts with France, eventually came to lose Calais, its last foothold on the Continent, English Channel, instead of an inland sea as considered thereto, now became a sea leading to foreign countries. Now, for the first time, the Channel was regarded as a sea in the proper sense. With this, English overseas expansion of the modern ages started on its course. And now the foreign trades (Atlantic and East Indian trades) came to be the main routes of English shipping activity. So viewed, it is very interesting that, in the year when Calais was lost, Queen Elixabeth ascended the throne.

However, the Navigation Acts of both Cromwell and Charles II, dut to their mode of Imperial preference, began to limit the very potentiality of these oceans, and soon came to curb development of British shipping. So to speak, the middle age ideas of regarding the English Channel as an inland sea were literally applied to foreign overseas oceans. So exclusive and monopolistic indeed were the system of the Navigation Acts.

Therefore, again, the ploblems of overcoming the crisis in British shipping have come into the limelight. For solution, however, there was no other alternative but the repeal of the Navigation Acts. With a pathetic determination, indeed, the repeal was carried out in the middle of the 19th century. Foreign oceans leading to colonies were actually liberated from the monopoly of England. However, the fact that England set free its most important foreign oceans tells no more than the predominance of English merchant marine over the 'seven oceans' of the world. The maritime freedom of England was thus established.

From this viewpoint, the development of English shipping may be understood as that of the 'three seas'. This has been political and economic development, and at the same time the developmant of shipping. In the middle ages when England was interested in the Channel, it had at most a merchant fleet enough to pass through the Channel. (Type I.) In the modern Ages again when it monopolied colonial trades, it had not so much tonnages as to conduct most of the trades of the whole world. (Type II.) Even the repeal of the Navigation Acts was put into action with a pathetic decision after repeated hot discussions in the diet. It is thus only natural that, at present, England, having the 'seven seas' of the world for its routes of shipping activity, should transport almost half of the world trades

and be in possession of not less than 1/3 of the merchant fleet of all the world. England which has insisted on maritime freedom has been possessed of the tonnages enough to live on the so-called maritime freedom. (Type III.)

(to be continued)